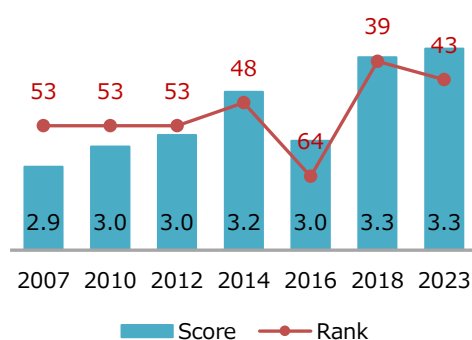


Read Vietnam Trend

The growth of the logistics industry in Vietnam

The logistics sector in Vietnam has seen growth and improvement in recent years. According to a report by the World Bank in April 2023, Vietnam ranked 43rd out of 139 countries in the Logistics Performance Index (LPI), ranking among the top 5 ASEAN countries, following Singapore, Malaysia, Thailand, and the same position as the Philippines. Compared to 2016 (64th position), Vietnam has climbed 21 levels, but compared to 2018 (39th out of 160 countries), Vietnam has dropped 4 levels¹. Despite the drop, the LPI score has increased to 3.3 points compared to 3.27 points in 2018². This may indicate an improvement in the quality of logistics services in Vietnam, but other countries are also focusing on this sector.

Logistics Performance Index (LPI), 2007 – 2023)



Source: Mekong Asean

According to the Vietnam Logistics Business Association, Vietnam's logistics costs are still high. In 2014, it was 20.9%, this figure has decreased to an average of about 16-18% of GDP annually from 2018 to 2022. However, it

¹ MOF:

https://www.mof.gov.vn/webcenter/portal/vclvcstc/pages_r/l/chi-tiet-tin?dDocName=MOFUCM295976

² Mekong Asean: <https://mekongasean.vn/viet-nam-tut-4-bac-trong-bang-xep-hang-chi-so-hieu-qua-logistics-post20818.html>

³ Thanh nien e-newspaper: <https://thanhnien.vn/chi-phi-logistics-cua-viet-nam-qua-cao-so-voi-binh-quan-the-gioi-18523120221254492.htm>

⁴ Law Newspaper of the People's Committee of Ho Chi Minh City: <https://plo.vn/chi-phi-logistics-viet-nam-cao-hon-binh-quan-chung->

is still much higher than the global average of 10.6%³.

Difficulties in reducing costs mainly come from infrastructure with many limitations, lack of coordination and connectivity, weak integration between transportation modes, and low maritime transport capacity. Seaport planning is still inadequate, lacking hub ports and large-scale regional and international logistics centers⁴. Road transport remains the dominant method (accounting for 74.7% of total cargo transport volume in the first 9 months of 2021), followed by inland waterways (19.84%) and maritime transport (5.10%). Rail and air transport volumes remain very limited, accounting for only 0.34% and 0.02% of total cargo volume transported, respectively⁵.

Besides infrastructure difficulties, the capacity of service providers is reflected in logistics service quality indices, timeliness, and cargo tracking capabilities⁶. In 2019, the number of Vietnamese enterprises accounted for 88%, joint venture enterprises accounted for 10% and foreign enterprises accounted for 2%. However, the market share of FDI enterprises accounted for 70-80%. Most Vietnamese logistics businesses provide basic services and often subcontracting or acting as agents for foreign-invested enterprises. The workforce in the logistics industry is lacking in both quantity and quality. For domestic enterprises, 93-95% of employees are not trained in logistics, mainly working in small supply chains. such as delivery, warehousing, and handling of shipments⁷.

National digital transformation program to 2025, orientation to 2030 (Decision No. 749/QĐ-TTg of the Prime Minister issued on June 3, 2020) clearly stated 8 priority areas for digital transformation, including the logistics industry⁸. Although up to 50 - 60% of

<the-gioi-post764632.html>

⁵ VnEconomy e-newspaper: <https://vneconomy.vn/nganh-logistics-viet-thieu-doanh-nghiep-dau-dan.htm>

⁶ Law Newspaper of the People's Committee of Ho Chi Minh City: <https://plo.vn/chi-phi-logistics-viet-nam-cao-hon-binh-quan-chung-the-gioi-post764632.html>

⁷ Vietnam Report JSC: <https://vietnamreport.net.vn/Cong-bo-Top-10-Cong-ty-Van-tai-va-Logistics-uy-tin-nam-2019-8956-1006.html>

⁸ MOF: https://mof.gov.vn/webcenter/portal/ttpltc/pages_r/l/chi-tiet-tin-ttpltc?dDocName=MOFUCM196371

businesses in most services are applying many different types of technology⁹, according to VLA's 2018 survey, the level of science and technology application in Vietnam is still not high, Most are single solutions. About 40% of information technology applications currently used in logistics enterprises are basic applications such as international forwarding management, warehouse management, transportation management, and data exchange. In addition, there are financial difficulties to develop technology and human resources when only 6.7% of businesses are satisfied with the expertise of their employees¹⁰.

The legal system regulating logistics activities is not yet complete. Although the legal framework for this industry has been established in numerous documents, specific policies and detailed implementations of these policies have not been fully realized. Regulations on the subject of logistics are scattered in many legal documents, so when applied, they cause difficulties and even overlap¹¹. The logistics industry is still facing a number of difficulties and needs to overcome these problems so that the logistics sector can improve its competitiveness and support the development of the economy.

B&Company, Inc.

The first Japanese company specializing in market research in Vietnam.

The company's website publishes the results of industry and consumer surveys in Vietnam.

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⁹ MOF: https://mof.gov.vn/webcenter/portal/ttpltc/pages_r/l/chi-tiet-tin-ttpltc?dDocName=MOFUCM187470

¹⁰ MOF https://mof.gov.vn/webcenter/portal/ttpltc/pages_r/l/chi-tiet-tin-ttpltc?dDocName=MOFUCM187470

[tin-ttpltc?dDocName=MOFUCM187470](https://mof.gov.vn/webcenter/portal/ttpltc/pages_r/l/chi-tiet-tin-ttpltc?dDocName=MOFUCM187470)

¹¹ An Giang Quality Standards and measurement department <http://tbtagi.angiang.gov.vn/gioi-thieu-chung>

